

<b>Maricopa County Policies and Procedures</b>	<b>Subject:</b> Base Budget Narrative	Number: B5013 Issue Date: 01/00
<b>Approved: Sandi Wilson</b>	<b>Initiating Department:</b> Office of Management and Budget	

## Introduction

This section discusses the required narrative in regards to FY 2001 budget. Must be submitted by February 1, 2000 via e-mail to: ombbudget@mail.maricopa.gov.

In accordance with the Board of Supervisors' budget policy guidelines to continue moving toward a performance-based budgeting process, further elaboration of a department's strategic plan is requested. This progressive approach will lead to full implementation of performance-based budgeting over the next one or two fiscal years. The outcome of this initiative is to demonstrate the efficiency and effectiveness of business operations. Last year's budget submission included performance measures while this year's submission requests further detail and greater relevance to the stakeholder/customer. The department's budget submission should include the following supporting material: Department Strategic Plan, list of programs or services, performance measures and organizational chart. These submissions must be sent electronically in the same format as received. The required format will be provided with your budget development spreadsheets.

**FUTURE:** Performance-based budgeting is an evolving project and change is inevitable. Refer to the **Future** boxes throughout this policy to see what changes are planned to ensure Maricopa County progresses to a fully implemented performance-based budgeting program by FY2002.

This part of the budget submission process defines the department and is required for the Department's base line budget – addressing the financial needs of the department to do the job as outlined in the mission and defined by the expected outcomes of programs and services delivered. If a gap exists between an annual goal achievement and needed resources to meet that goal, a budget issue will need to be submitted.

The narrative that follows discusses in greater detail the information listed above.

## Department Strategic Plan

The Department's strategic plan is a compilation of an organization's purpose, chosen direction, and plans for development and improvement that covers a three to five year timeframe. The plan must be stable enough to provide a dependable framework for the organization's activities, but flexible enough to allow for modification due to the impacts of emergent opportunities and threats, as well as from the lessons of organizational learning. Department strategic plans may vary greatly in format and content from one to another, but some consistent elements exist in every plan. Maricopa County needs to report on the common elements, which include a department mission, strategic goals, and annual goals (2000-01). Annual goals need to be measurable.

Submit a comprehensive strategic plan in present format (hard copy, electronically) to OMB. Also extract the common elements and submit in provided format per following instructions.

- Mission – A brief, comprehensive statement of the purpose or reason that the organization exists. It should identify the business, customers, services, service delivery and general impact on the customer.
- Strategic Goals – Broad statements that identify the strategic direction of the business for the next three to five years. Limit to EIGHT.
- Annual Goals – Highlight what the business hopes to accomplish in the next year. These need to be measurable and listed in order of priority. Limit to FIFTEEN.

## Impact

The impact statement demonstrates how the Department impacts the quality of life for the citizens, supports community needs, enables beneficial outcomes and prevents negative conditions or events from occurring. This is directly related to the Department's Mission. What ultimate benefit will the department's customer receive if the department is effective? Conversely, how would the experience of the department's customers be diminished if the department suddenly were dissolved?

## Programs or Services Identified

A program is a set of activities undertaken in accordance with a plan of action organized to realize common purposes with an identifiable end result. Identify the major activities performed by the department and conceptually collect these activities into logical groups, each with a common purpose. Consider the word "major" as those activities that are critical to the success of the agency's mission or activities that have a significant and common customer service focus.

Programs may cross organizational lines within departments and may even cross departmental lines. But during this initial attempt at program identification, the focus will be on discrete programs administered by each individual department. The task of identifying programs involves judgement and consideration of many factors – such as laws, funding streams and organizational units.

**FUTURE:** When the performance-based budgeting project is fully implemented, budgets will be developed and finances will be managed according to each identified program or service. Each program will be defined including service, customer and expected outcome. The identified outcomes will be measured to demonstrate effectiveness. In the future, the programs may cross department lines and may include multiple funding sources. Financial reporting structure will be modified to track financial activity by programs starting FY 2001-02

## Performance Measures

For FY 2000-01 all departments are requested to again review and update their present measurements. The worksheets have been populated with department measures as submitted for the first quarter report. Unless otherwise identified in the 1<sup>st</sup> quarter report by a program, all measures are placed in a general category. For the 2<sup>nd</sup> quarter report and projecting for next fiscal year, assign each measure to a department program or service. If at this time it is impossible to assign to a program or service, leave in the category as general.

**FUTURE:** When the performance-based budgeting project is fully implemented in FY 2002, all measures will be tied to a program or service. For each program or service, departments will be required to submit at least one measure from each category in the following Family of Measures as defined by the Government Accounting Standards Board.

### Family of Measures

Terminology	Definition	Examples
Input	The volume of resources used to provide a program or service.	Dollars spent Staff hours used Tons of material used
Output	The amount of service provided or the number of units produced or processed.	Number of health inspections completed Library books checked out Children immunized Prisoners boarded Purchase orders issued
Efficiency	The amount of resources required to produce a single unit of output or to achieve a certain outcome. Inputs used per unit of output.	Staff hours per client Cost per appraisal Cost of lane-mile repaired Cost per inmate in jail Ratio of nurses to patients discharged
Outcome	Indicates how well the program or service goals and objectives are accomplished. Indicates if the customer's expectations have been met. Outcome focuses on the ultimate "why", of providing a service.	# of job trainees who hold a job for more than 6 months. % or amount of delinquent taxes collected % of reduction in waiting time % or # of prisoners not returning five years or more. % of customers satisfied.

Along with the measures, additional **explanatory information** may be submitted. Explanatory information includes both quantitative and narrative information that can help the reader better understand the reported measures and evaluate the significance of underlying factors that may have affected the reported performance. Environmental (e.g., weather conditions for road maintenance) and demographic characteristics (e.g., population growth rates) are examples of this type of information. Explanatory information is optional and for most measures it is not needed.

For measurement to be worthwhile and credible, it must be tracked consistently over time using a defined method of collection and processing. Utilizing such methods will contribute to reliability, and eventually will allow departments to draw conclusions regarding realistic performance targets and long-range trends. In selecting and developing key measures, the following issues should be addressed:

- Can it be reliably measured? Will it measure the same thing over a period of time? Will the data used in the measure be available on a continuing basis?
- Is the measure directly related to the department's goals?
- Does the output measure show the quantity of work performed?

- Can the efficiency measure be stated in unit cost terms?
- Does the outcome measure show what change (difference) the department's action will have on the customer or problem?
- Can the department gather data for the measures without incurring excessive costs or undertaking cumbersome procedures? Could sampling techniques or other more cost-effective alternatives be used to collect the data?
- Will the outcome measure enable a decision to be made or lead to a valid conclusion concerning the department's action?

**NOTE:** Initial measures may not fulfill all of the criteria mentioned and the expectation is that they will evolve over time.

### **Capital Outlay Summary**

Provide a narrative description of all budgeted capital outlay items. Refer to the Capital Budgeting Section for more detail.

### **Organizational Structure**

Provide a structural picture of your organization. (Not the financial reporting structure)